

AUTHORIZING THE SECRETARY OF THE INTERIOR TO SELL CERTAIN RIGHTS IN THE STATE OF FLORIDA

SEPTEMBER 8, 1976.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

Mr. HALEY, from the Committee on Interior and Insular Affairs,
submitted the following

REPORT

[To accompany H.R. 10613]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 10613) to authorize the Secretary of the Interior to sell certain rights in the State of Florida, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 2, line 1, strike "section 16," and insert in lieu thereof "section 26,".

PURPOSE

The purpose of H.R. 10613, introduced by Mr. Chappell, is to authorize the Secretary of the Interior to sell reserved phosphate interests of the United States in certain lands in Florida to the record owner thereof.

BACKGROUND

In December 1930, the United States conveyed the lands affected by this bill, about 150 acres in all, to Art Harmon by a patent which reserved the phosphate to the United States. The property is now owned by Fred D. H. MacKenzie, Jr. and Mary Ellen MacKenzie, and Dick McGinley and Mary McGinley, all of Ocala, Florida, and is covered by a contract of sale to a prospective buyer who intends to construct a retirement village. The reservation of mineral interest constitutes a cloud on the title to the land and financing for the sale apparently cannot be obtained from local institutions without removal of the reservation. Such removal of reservation is apparently a condition of the contract for sale. There are no applications pending or outstanding leases in existence on these lands, and there have been

none in the past. About 100 of the 150 acres are zoned residential, and the local zoning ordinance specifically prohibits mining operations thereon. The remaining 50 acres are zoned agricultural. The owners have stated that there are no known minerals on the land.

EXPLANATION

H.R. 10613 would direct the Secretary of the Interior to convey all right, title, and interest in phosphate deposits reserved to the United States in approximately 150 acres of land in Marion County, Florida, to the record owners thereof. It directs the Secretary to require a deposit of money which he deems sufficient to cover the estimated administrative costs of the conveyance. If a conveyance is not made and the administrative costs exceed the deposit, the Secretary is directed to bill the applicant for the outstanding amount; but if the costs are less than the deposit, the Secretary is directed to refund the excess.

An application for conveyance must be filed with the Secretary within six months of the date of approval of the bill. Payment of administrative costs and the fair market value of the interests to be conveyed must be made within the time specified by the Secretary. The money received for administrative costs shall be paid to the agency which rendered the service and the money received for the mineral interest shall be paid into the General fund of the Treasury. Conveyance would also depend upon payment of fair market value of the mineral interest.

COMMITTEE AMENDMENT

During its consideration of H.R. 10613, the Committee adopted one technical amendment which corrects an error in the legal description of the lands affected by the bill.

SECTION-BY-SECTION ANALYSIS

Section 1 states the purpose of the bill and describes the tract of land affected.

Section 2 describes the provisions for payment of the administrative costs.

Section 3 describes the stipulations for the conveyance of the property, including the payment of administrative costs and the fair market value of the interest to be conveyed.

Section 4 defines the term "administrative costs."

Section 5 provides that moneys paid for administrative costs be paid to the agency rendering the service and the moneys paid for the mineral interests be paid to the General fund of the Treasury.

COST AND BUDGET ACT COMPLIANCE

No additional Federal expenditures are involved in the enactment of H.R. 10613, because the costs attributable to it are to be reimbursed.

INFLATIONARY IMPACT STATEMENT

The sums involved in H.R. 10613 are nominal and will have no inflationary impact.

OVERSIGHT STATEMENT

Other than the normal oversight responsibilities exercised in conjunction with these legislative operations, no recommendations were submitted to the Committee pursuant to Rule X, Clause 2(b) (2).

COMMITTEE RECOMMENDATION

The Committee on Interior and Insular Affairs, by a voice vote, recommends the enactment of H.R. 10613.

DEPARTMENTAL REPORT

The favorable report of the Department of the Interior follows:

U.S. DEPARTMENT OF THE INTERIOR,

OFFICE OF THE SECRETARY,

Washington, D.C., March 23, 1976.

HON. JAMES A. HALEY,

Chairman, Committee on Interior and Insular Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMANS This responds to your request for our views on H.R. 10613, a bill to authorize the Secretary of the Interior to sell certain rights in the State of Florida.

We would have no objection to enactment of H.R. 10613 if a technical correction in the land description is made.

H.R. 10613 would authorize and direct the Secretary of the Interior to convey to the record owner thereof, all right, title and interest of the United States in phosphate reserved in certain lands in Marion County, Florida. It directs the Secretary to require a deposit of money which he deems sufficient to cover the estimated administrative costs of the conveyance. If a conveyance is not made and the administrative costs exceed the deposit, the Secretary would bill the applicant for the difference. However, if the costs are less than the deposit, the Secretary is directed to refund the excess. The conveyance would be made only if an application for conveyance is filed with the Secretary within six months of the date of approval of the bill and only upon payment of administrative costs and the fair market value of the interests to be conveyed. The money received for administrative costs would be paid to the agency which rendered the service, and the money received for the mineral interests would be paid to the U.S. Treasury.

It is this Department's policy not to oppose legislation which would release mineral interests reserved to the United States when (1) the subject lands have no mineral value or (2) it is demonstrated that the reservation is interfering with or precluding development which is a more beneficial use of the land than mineral development. In addition, it is the policy of this Department to require the surface owner to pay

all of the administrative costs of the conveyance, the costs of determining the mineral value, and the fair market value of the minerals on the subject land.

The lands in question constitute a part of Section 26, township 16 south, range 21 east in Marion County, Florida, and comprise about 150 acres exclusive of rights-of-way. They were patented to Art Harmon in December 1930 with a reservation of phosphate to the United States, under the Act of July 17, 1914 (30 U.S.C. 121). There are no applications pending or outstanding leases on the lands, and our records indicate that these lands have not been the subject of such applications or leases in the past. Approximately 100 acres of the 150 acres are zoned for residential use, and the zoning ordinance specifically prohibits mining operations. The remainder of the 150 acres are zoned for agricultural use, but it is our understanding that they will be re-zoned for residential use in the near future.

We have been advised that the owners of the property are Fred D. H. MacKenzie, Jr. and Mary Ellen MacKenzie, and Dick McGinley and Mary McGinley, all of Ocala, Florida. We have been further informed that the property is now not in use for any purpose, but that it is the subject of a contract of sale with the Christian Fellowship Foundation, Inc. The prospective buyer intends to construct a retirement village. The release of the mineral reservation is desired because the reservation constitutes a cloud on title and financing cannot be obtained from local banks. It is our understanding that removal of the reservation is a condition of the contract of sale. The owners claim that they know of no minerals on the land and do not intend to develop any minerals.

The U.S. Geological Survey has informed us that a mineral evaluation will require a preliminary exploration program of 14 core holes and a chemical analysis for a total cost of \$12,600. If commercially valuable deposits are found, a more intensive evaluation program would be implemented. Under the bill, the owners of the land involved would pay the costs of these surveys, plus the fair market value of any minerals found. Since we have no information as to whether or not the area has value for phosphate, we could not favor the bill on the basis of the first criterion. However, it appears that the reservation is actually interfering with the planned development and thus we believe that this case would meet the second criterion. Since it would then meet one of the criteria, and provisions are included therein to protect the interests of the United States, we would have no objection to enactment of the bill.

The land in question is actually Section 26, rather than Section 16 as described in the bill. The bill should be amended to that effect. The United States reserved no mineral interests in Section 16.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

JACK HORTON,

Assistant Secretary of the Interior.

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